

Village of Edwardsburg
Cass County, Michigan
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
Year ended March 31, 2008

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INDEPENDENT AUDITORS' REPORT

**Village Council
Village of Edwardsburg, Michigan**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Edwardsburg, Michigan, as of March 31, 2008, and for the year then ended, which collectively comprise the Village of Edwardsburg, Michigan's financial statements, as listed in the contents. These financial statements are the responsibility of the Village of Edwardsburg, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Edwardsburg, Michigan, as of March 31, 2008, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The budgetary comparison schedule, as listed in the contents, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



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The Village of Edwardsburg, Michigan has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Edwardsburg, Michigan's basic financial statements. The accompanying supplementary information as listed in the contents, are presented for the purpose of additional analysis and are not required parts of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Sigfried Crandall P.C.

August 22, 2008

BASIC FINANCIAL STATEMENTS

Village of Edwardsburg
STATEMENT OF NET ASSETS
March 31, 2008

	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Totals</u>
ASSETS			
Current assets:			
Cash	\$ 826,015	\$ 276,161	\$ 1,102,176
Receivables, net	173,242	19,162	192,404
Inventory	-	22,434	22,434
	<u>999,257</u>	<u>317,757</u>	<u>1,317,014</u>
Total current assets			
Noncurrent assets:			
Receivables, net	1,835,717	-	1,835,717
Deferred charges	77,494	-	77,494
Capital assets not being depreciated - land	27,291	32,719	60,010
Capital assets being depreciated, net of accumulated depreciation	<u>3,742,748</u>	<u>402,546</u>	<u>4,145,294</u>
Total non-current assets	<u>5,683,250</u>	<u>435,265</u>	<u>6,118,515</u>
Total assets	<u>6,682,507</u>	<u>753,022</u>	<u>7,435,529</u>
LIABILITIES			
Current liabilities:			
Current portion of long-term obligations	59,000	-	59,000
Payables	<u>19,939</u>	<u>2,592</u>	<u>22,531</u>
Total current assets	78,939	2,592	81,531
Noncurrent liabilities - long-term obligations	<u>2,563,540</u>	<u>-</u>	<u>2,563,540</u>
Total liabilities	<u>2,642,479</u>	<u>2,592</u>	<u>2,645,071</u>
NET ASSETS			
Invested in capital assets, net of related debt	1,245,533	412,831	1,658,364
Restricted for:			
Debt service	2,302,951	-	2,302,951
Public works	198,227	-	198,227
Unrestricted	<u>293,317</u>	<u>337,599</u>	<u>630,916</u>
Total net assets	<u>\$ 4,040,028</u>	<u>\$ 750,430</u>	<u>\$ 4,790,458</u>

See notes to the financial statements

Village of Edwardsburg
STATEMENT OF ACTIVITIES
Year ended March 31, 2008

Functions/Programs	<u>Expenses</u>	<u>Program revenues</u>		
		<u>Charges for services</u>	<u>Operating grants and contributions</u>	<u>Capital grants and contributions</u>
Governmental activities:				
Legislative	\$ 4,390	\$ -	\$ -	\$ -
General government	150,997	6,872	-	-
Public safety	65,287	13,088	2,596	-
Public works	192,619	89,380	96,358	53,962
Community and economic development	1,107	820	-	-
Culture and recreation	9,212	-	-	-
Interest on long-term debt	112,360	72,646	-	-
				-
Total governmental activities	535,972	182,806	98,954	53,962
Business-type activities - water	198,781	201,583	-	-
Total	<u>\$ 734,753</u>	<u>\$ 384,389</u>	<u>\$ 98,954</u>	<u>\$ 53,962</u>

General revenues
Property taxes
State grants
Investment income

Total general revenues

Change in net assets

Net assets - beginning

Net assets - ending

Net (expenses) revenues and changes in net assets

<i>Governmental activities</i>	<i>Business-type activities</i>	<i>Totals</i>
\$ (4,390)		\$ (4,390)
(144,125)		(144,125)
(49,603)		(49,603)
47,081		47,081
(287)		(287)
(9,212)		(9,212)
(39,714)		(39,714)
(200,250)		(200,250)
	\$ 2,802	2,802
(200,250)	2,802	(197,448)
116,802	-	116,802
112,498	-	112,498
31,040	11,470	42,510
260,340	11,470	271,810
60,090	14,272	74,362
3,979,938	736,158	4,716,096
\$ 4,040,028	\$ 750,430	\$ 4,790,458

See notes to the financial statements

Village of Edwardsburg
BALANCE SHEET - governmental funds
 March 31, 2008

	<u>General</u>	<u>Sanitary Sewer Special Assessment</u>	<u>Major Street</u>
ASSETS			
Cash	\$ 138,502	\$ 356,718	\$ 110,622
Receivables, net	40,262	1,955,833	9,532
Due from other funds	456	-	-
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 179,220</u>	<u>\$ 2,312,551</u>	<u>\$ 120,154</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Payables	\$ 8,443	-	\$ 856
Due to other funds	-	456	-
Deferred revenue	7,456	1,884,982	-
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>15,899</u>	<u>1,885,438</u>	<u>856</u>
Fund balances:			
Unreserved	163,321	427,113	119,298
Unreserved reported in nonmajor - special revenue funds	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>163,321</u>	<u>427,113</u>	<u>119,298</u>
Total liabilities and fund balances	<u>\$ 179,220</u>	<u>\$ 2,312,551</u>	<u>\$ 120,154</u>

Amounts reported for *governmental activities* in the statement of net assets are different because:

Total fund balances

Deferred charges

Capital assets

Net asset of internal service fund

Long-term debt

Accrual of compensated absences

Accrual of interest payable

Deferred revenue

Net assets of *governmental activities* (page 5)

<i>Other governmental funds</i>	<i>Total governmental funds</i>
\$ 135,494	\$ 741,336
3,332	2,008,959
<u>-</u>	<u>456</u>

<u>\$ 138,826</u>	<u>\$ 2,750,751</u>
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\$ 713	\$ 10,012
-	456
<u>-</u>	<u>1,892,438</u>

<u>713</u>	<u>1,902,906</u>
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-	709,732
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<u>138,113</u>	<u>138,113</u>
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<u>138,113</u>	<u>847,845</u>
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<u>\$ 138,826</u>	<u>\$ 2,750,751</u>
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\$ 847,845

77,494
3,735,678
118,257
(2,602,000)
(20,540)
(9,144)
<u>1,892,438</u>

<u>\$ 4,040,028</u>

See notes to the financial statements

Village of Edwardsburg**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - governmental funds**

Year ended March 31, 2008

	<u>General</u>	<u>Sanitary Sewer Special Assessment</u>	<u>Major Street</u>
REVENUES			
Taxes	\$ 117,420	\$ -	\$ -
State grants	118,480	-	54,031
Local unit contribution	-	11,100	-
Licenses and permits	13,088	-	-
Charges for services	49,966	41,912	-
Interest and rentals	14,135	83,067	3,183
Other	-	200,528	-
	<u>313,089</u>	<u>336,607</u>	<u>57,214</u>
Total revenues			
EXPENDITURES			
Legislative	4,390	-	-
General government	120,442	-	-
Public safety	64,222	-	-
Public works	54,053	11,094	58,666
Community and economic development	1,107	-	-
Recreation and culture	9,212	-	-
Debt service:			
Principal	-	58,000	-
Interest	-	108,529	-
	<u>253,426</u>	<u>177,623</u>	<u>58,666</u>
Total expenditures			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>59,663</u>	<u>158,984</u>	<u>(1,452)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	(17,427)	-	(8,219)
	<u>(17,427)</u>	<u>-</u>	<u>(8,219)</u>
Total other financing sources (uses)			
NET CHANGES IN FUND BALANCES	42,236	158,984	(9,671)
FUND BALANCES - BEGINNING	<u>121,085</u>	<u>268,129</u>	<u>126,678</u>
FUND BALANCES - ENDING	<u>\$ 163,321</u>	<u>\$ 427,113</u>	<u>\$ 117,007</u>

<i>Other governmental funds</i>	<i>Total governmental funds</i>
\$ -	\$ 117,420
19,184	191,695
-	11,100
-	13,088
5,194	97,072
6,541	106,926
-	200,528
<u>30,919</u>	<u>737,829</u>
-	4,390
19,712	140,154
-	64,222
43,404	167,217
-	1,107
-	9,212
-	58,000
-	108,529
<u>63,116</u>	<u>552,831</u>
<u>(32,197)</u>	<u>184,998</u>
25,646	25,646
-	(25,646)
<u>25,646</u>	<u>-</u>
(6,551)	184,998
<u>144,664</u>	<u>660,556</u>
<u>\$ 138,113</u>	<u>\$ 845,554</u>

See notes to the financial statements

Village of Edwardsburg

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - governmental funds (Continued)**

Year ended March 31, 2008

Reconciliation of the statement of revenues, expenditures, and changes in
fund balances to the statement of activities:

Net change in fund balances - total governmental funds (page 8) \$ 184,998

Amounts reported for governmental activities in the statement of activities
are different due to the following:

Capital assets - provision for depreciation (29,024)

Long-term debt - debt repayment 58,000

Changes in other assets/liabilities:

Net decrease in deferred charges (3,908)

Net increase in liability for compensated absences (7,717)

Net decrease in interest payable 77

Net increase in deferred revenue (147,184)

Net income of internal service fund 2,557

Change in net assets of *governmental activities* (page 6) \$ 57,799

Village of Edwardsburg
STATEMENT OF NET ASSETS - proprietary funds
March 31, 2008

	<u><i>Business-type activities</i></u>	<u><i>Governmental activities</i></u>
	<u><i>Water</i></u>	<u><i>Internal service</i></u>
ASSETS		
Current assets:		
Cash	\$ 276,161	\$ 84,679
Receivables, net	19,162	-
Inventory	22,434	-
	<u>317,757</u>	<u>84,679</u>
Total current assets		
Noncurrent assets:		
Capital assets not being depreciated - land	32,719	-
Capital assets being depreciated, net of accumulated depreciation	<u>402,546</u>	<u>34,361</u>
	<u>435,265</u>	<u>34,361</u>
Total non-current assets		
Total assets	<u>753,022</u>	<u>119,040</u>
LIABILITIES		
Current liabilities - payables	<u>2,592</u>	<u>783</u>
NET ASSETS		
Invested in capital assets	412,831	34,361
Unrestricted	<u>337,599</u>	<u>83,896</u>
	<u>\$ 750,430</u>	<u>\$ 118,257</u>
Total net assets		

See notes to the financial statements

Village of Edwardsburg
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NET ASSETS - *proprietary funds*
Year ended March 31, 2008

	<i>Business-type activities</i>	<i>Governmental activities</i>
	<i>Water</i>	<i>Internal service</i>
OPERATING REVENUES		
Charges for services	\$ 201,583	\$ 46,066
OPERATING EXPENSES		
Utility operations	158,252	-
Motor vehicle pool operations	-	30,126
Depreciation	40,529	16,509
Total operating expenses	198,781	46,635
OPERATING INCOME (LOSS)	2,802	(569)
NONOPERATING REVENUES		
Interest revenue	11,470	3,126
CHANGE IN NET ASSETS	14,272	2,557
NET ASSETS - BEGINNING	736,158	115,700
NET ASSETS - ENDING	\$ 750,430	\$ 118,257

See notes to the financial statements

Village of Edwardsburg
STATEMENT OF CASH FLOWS - proprietary funds
Year ended March 31, 2008

	<u><i>Business-type activities</i></u>	<u><i>Governmental activities</i></u>
	<u><i>Water</i></u>	<u><i>Internal service</i></u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 181,633	\$ 46,066
Payments to vendors and suppliers	(69,721)	(25,404)
Payments to employees	(65,036)	(4,483)
Internal activity - payments to other funds	<u>(9,551)</u>	<u>-</u>
Net cash provided by operating activities	37,325	16,179
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(12,310)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	<u>11,470</u>	<u>3,126</u>
NET INCREASE IN CASH	36,485	19,305
CASH - BEGINNING	<u>239,676</u>	<u>65,374</u>
CASH - ENDING	<u>\$ 276,161</u>	<u>\$ 84,679</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ 2,802	\$ (569)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	40,529	16,509
Decrease in receivables	(4,213)	-
Increase in payables	<u>(1,793)</u>	<u>239</u>
Net cash provided by operating activities	<u>\$ 37,325</u>	<u>\$ 16,179</u>

See notes to the financial statements

Village of Edwardsburg

STATEMENT OF FIDUCIARY NET ASSETS - *Agency Fund*

March 31, 2008

ASSETS

Cash	\$ <u>2,667</u>
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LIABILITIES

Amounts held for others	\$ <u>2,667</u>
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See notes to financial statements

Village of Edwardsburg
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the Village of Edwardsburg, Michigan (the Village), conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governmental units. The following is a summary of the significant accounting policies.

a) Reporting entity:

The Village is governed by an elected board of council members. In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, these financial statements present the Village. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included. Based upon the application of these criteria, there are no other entities for which the Village exercises oversight responsibility.

The Village is a sponsoring member of the Township of Ontwa-Edwardsburg Police Department. The Village appoints two members to the joint venture's governing board, and, the Village provides annual financial support. The Village does not retain an equity interest in the joint venture, and, accordingly, this entity is not considered includable in these financial statements. Financial information of the joint venture is available from its office in Edwardsburg, Michigan.

b) Government-wide and fund financial statements:

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Village. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

c) Measurement focus, basis of accounting, and financial statement presentation:

The government-wide financial statements are reported using the economic resources, measurement focus, and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Village of Edwardsburg
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

c) Measurement focus, basis of accounting, and financial statement presentation (continued):

Governmental fund financial statements are reported using the current financial resources, measurement focus, and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers property tax revenues to be available if they are expected to be collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

State grants, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Village.

The Village reports the following major governmental funds:

The General Fund is the Village's primary operating fund. It accounts for all financial resources of the Village, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.

The Sanitary Sewer Special Assessment Fund accounts for the use of contract proceeds and local unit contributions in support of construction of a sanitary sewer extension, and, for the use of special assessments to finance the repayment of the contract.

The Major Street Fund accounts for the use of state gasoline taxes to maintain certain streets and roads within the Village.

The Village reports the following major proprietary funds:

The Water Fund accounts for the activities of the Village's water distribution system.

The Motor Vehicle Pool Fund, an internal service fund, accounts for vehicle and equipment management services provided to other departments of the Village on a cost-reimbursement basis.

The Village reports a single fiduciary fund, Agency Fund, to account for monies held temporarily for others.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Village has elected not to follow subsequent private-sector standards.

Village of Edwardsburg
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

c) Measurement focus, basis of accounting, and financial statement presentation (continued):

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted as they are needed.

d) Assets, liabilities, and net assets or equity:

i) Bank deposits - Cash consists of cash on hand, demand deposits, and highly liquid short-term investments with original maturities of three months or less from the date of acquisition.

ii) Receivables - Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." No allowance for uncollectible accounts has been recorded as the Village considers all receivables to be fully collectible.

iii) Deferred charges - Certain payments in connection with obtaining long-term financing have been deferred and are being amortized over the life of the related debt using the interest method.

iv) Capital assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., sewer and water systems, roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets other than infrastructure are defined by the Village as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Governments can elect to account for infrastructure assets of government activities either retroactively to June 15, 1980, or prospectively. The Village has elected to account for its infrastructure assets prospectively, beginning April 1, 2004. Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	20 - 40 years
Equipment	5 - 20 years
Vehicles	4 - 20 years
Infrastructure	50 years

Village of Edwardsburg
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

d) Assets, liabilities, and net assets or equity (continued):

v) Compensated absences - It is the Village's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. A liability for unpaid accumulated vacation and sick leave has been recorded for the portion due to employees upon separation from service with the Village. Vested compensated absences are accrued when earned in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end.

vi) Fund equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

vi) Property tax revenue recognition - Property taxes are levied as of July 1 on property values assessed as of December 31 of the prior year. The billings are due on or before July 31, after which time the bill becomes delinquent and penalties and interest may be assessed by the Village. Property tax revenue is recognized in the year for which taxes have been levied and become available. The Village levy date is July 1, and, accordingly, the total levy is recognized as revenue in the current year.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

Budgetary information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the Village's general and special revenue funds. The budget document presents information by fund, function, department, and line-item. The legal level of budgetary control adopted by the governing body is the function level. All annual appropriations lapse at the end of the fiscal year.

During the year ended March 31, 2008, the Village incurred the following expenditures in excess of the amounts appropriated:

<u>Fund</u>	<u>Function</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance</u>
Major Street	Public works	\$ 54,295	\$ 58,666	\$ (4,371)
Local Street	Public works	39,000	43,404	(4,404)

Village of Edwardsburg
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 - CASH:

Cash as presented in the accompanying financial statements, consisted of the following:

	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Fiduciary</u>	<u>Total</u>
Deposits	\$ 825,877	\$ 275,974	2,667	\$ 1,104,518
Cash on hand	<u>138</u>	<u>187</u>	<u>-</u>	<u>325</u>
Total cash	<u>\$ 826,015</u>	<u>\$ 276,161</u>	<u>\$ 2,667</u>	<u>\$ 1,104,843</u>

Deposits are carried at cost and are maintained at various financial institutions in the name of the Village. State statutes and the Village's investment policy authorize the Village to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations. The Village's deposits are in accordance with statutory authority.

Custodial credit risk is the risk that, in the event of the failure of a financial institution, the Village will not be able to recover its deposits. Deposits are exposed to custodial credit risk if they are not covered by federal depository insurance and are uncollateralized. At March 31, 2008, \$779,887 of the Village's bank balances of \$1,079,887 was exposed to custodial credit risk because it was uninsured and uncollateralized.

The Village believes that it is impractical to insure all bank deposits due to the amounts of the deposits and the limits of FDIC insurance. As a result, the Village evaluates each financial institution with which it deposits funds and assesses the risk level of each institution. Only the institutions with an acceptable estimated risk level are used as depositories. At March 31, 2008, \$945,329, or 88% of total deposits were with one financial institution.

Village of Edwardsburg
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 - RECEIVABLES:

At March 31, 2008, the Village's receivables (all are considered fully collectible) were as follows:

	<u>Property taxes</u>	<u>Accounts</u>	<u>Inter- govern- mental</u>	<u>Special assess- ments</u>	<u>Interest</u>	<u>Totals</u>
Governmental activities:						
General	\$ 16,983	\$ 8,266	\$ 15,013	\$ -	\$ -	\$ 40,262
Sanitary Sewer Special Assessment	-	-	9,371	1,902,557	43,905	1,955,833
Major Street	-	-	9,532	-	-	9,532
Other governmental funds	-	-	3,332	-	-	3,332
 Total governmental activities	<u>\$ 16,983</u>	<u>\$ 8,266</u>	<u>\$ 37,248</u>	<u>\$ 1,902,557</u>	<u>\$ 43,905</u>	<u>\$ 2,008,959</u>
 Non-current portion	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,835,717</u>	<u>\$ -</u>	<u>\$ 1,835,717</u>
 Business-type activities:						
Water Fund	<u>\$ -</u>	<u>\$ 19,162</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,162</u>

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:

At March 31, 2008, the Sanitary Sewer Special Assessment Fund owed the General Fund \$456 for costs paid on behalf of such fund, not liquidated as of year end.

A summary of interfund transfers (in support of operations) for the year ended March 31, 2008, is as follows:

<u>Fund</u>	<u>Transfer in</u>	<u>Fund</u>	<u>Transfer out</u>
Cemetery	\$ 10,000	General	<u>\$ 10,000</u>
Local Street	<u>15,646</u>	General	7,427
		Major Street	<u>8,219</u>
			<u>15,646</u>
	<u>\$ 25,646</u>		<u>\$ 25,646</u>

Village of Edwardsburg
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 - CAPITAL ASSETS:

Capital asset activity for the year ended March 31, 2008, was as follows:

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Governmental activities:				
Capital assets not being depreciated - land	\$ 27,291	\$ -	\$ -	\$ 27,291
Capital assets being depreciated:				
Infrastructure	3,605,736	-	-	3,605,736
Land improvements	65,650	-	-	65,650
Buildings	198,986	-	-	198,986
Furniture, fixtures, and equipment	42,836	-	-	42,836
Vehicles	202,657	-	-	202,657
Subtotal	<u>4,115,865</u>	<u>-</u>	<u>-</u>	<u>4,115,865</u>
Less accumulated depreciation for:				
Infrastructure	(18,029)	(18,029)	-	(36,058)
Land improvements	(41,326)	(3,283)	-	(44,609)
Buildings	(77,843)	(4,975)	-	(82,818)
Furniture, fixtures, and equipment	(30,601)	(2,737)	-	(33,338)
Vehicles	<u>(159,785)</u>	<u>(16,509)</u>	<u>-</u>	<u>(176,294)</u>
Subtotal	<u>(327,584)</u>	<u>(45,533)</u>	<u>-</u>	<u>(373,117)</u>
Total capital assets being depreciated, net	<u>3,788,281</u>	<u>(45,533)</u>	<u>-</u>	<u>3,742,748</u>
Governmental activities capital assets, net	<u>\$ 3,815,572</u>	<u>\$ (45,533)</u>	<u>\$ -</u>	<u>\$ 3,770,039</u>

Village of Edwardsburg
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 - CAPITAL ASSETS (Continued):

	<i>Beginning balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending balance</i>
Business-type activities - Water Fund				
Capital assets not being depreciated: - land	\$ 32,719	\$ -	\$ -	\$ 32,719
Capital assets being depreciated:				
Building	64,866	-	-	64,866
Water system	1,563,935	12,310	-	1,576,245
Equipment	68,112	-	-	68,112
Subtotal	1,696,913	12,310	-	1,709,223
Less accumulated depreciation for:				
Building	(48,081)	(1,622)	-	(49,703)
Water system	(1,162,434)	(35,045)	-	(1,197,479)
Equipment	(55,633)	(3,862)	-	(59,495)
Subtotal	(1,266,148)	(40,529)	-	(1,306,677)
Total capital assets being depreciated, net	430,765	(28,219)	-	402,546
Business-type activities -Water Fund capital assets, net	\$ 463,484	\$ (28,219)	\$ -	\$ 435,265

Depreciation expense was charged to governmental activities, exclusive of depreciation attributable to the internal service fund, as follows:

General government	\$ 8,479
Public safety	1,065
Public works	19,480
	<u>\$ 29,024</u>

Village of Edwardsburg
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 7 - PAYABLES:

At March 31, 2008, the Village's payables were as follows:

	<u>Accounts</u>	<u>Payroll</u>	<u>Interest</u>	<u>Totals</u>
Governmental activities:				
General	\$ 7,465	\$ 978	\$ -	\$ 8,443
Major Street	511	345	-	856
Other governmental funds	<u>350</u>	<u>363</u>	<u>-</u>	<u>713</u>
Total governmental funds	8,326	1,686	-	10,012
Adjustment for statement of net assets	<u>735</u>	<u>48</u>	<u>9,144</u>	<u>9,927</u>
Total governmental activities	<u>\$ 9,061</u>	<u>\$ 1,734</u>	<u>\$ 9,144</u>	<u>\$ 19,939</u>
Business-type activities - Water Fund	<u>\$ 1,283</u>	<u>\$ 1,309</u>	<u>\$ -</u>	<u>\$ 2,592</u>

NOTE 8 - LONG-TERM OBLIGATIONS:

At March 31, 2008, long-term obligations consisted of the following:

	<u>Beginning balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending balance</u>	<u>Due in one year</u>
Governmental activities:					
2006 Contract payable,					
Cass County	\$2,660,000	\$ -	\$ (58,000)	\$2,602,000	\$ 59,000
Compensated absences	<u>12,823</u>	<u>23,390</u>	<u>(15,673)</u>	<u>20,540</u>	<u>-</u>
Total	<u>\$2,672,823</u>	<u>\$ 23,390</u>	<u>\$ (73,673)</u>	<u>\$2,622,540</u>	<u>\$ 59,000</u>

In 2006, the Village entered into a \$2,700,000 contract with Cass County, to finance construction costs of a sanitary sewer line in the Village. The contract is payable in annual principal installments ranging between \$40,000 and \$83,000, plus semi-annual interest at 4.125% per annum, through September 2045. The Village has levied special assessments against benefited property totaling \$2,260,541 in order to repay the contract. The assessments bear the same rate of interest as the contract. The Township of Ontwa bills benefited property owners a monthly debt service charge, which is remitted as collected to the Village. Delinquent unpaid monthly charges are added to winter tax bills so as to assure collection. The Village has pledged its full faith and credit for repayment of the contract.

Village of Edwardsburg
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 - LONG-TERM OBLIGATIONS (continued):

At March 31, 2008, debt service requirements, excluding compensated absences, were as follows:

<i>Year ended March 31:</i>	<i>Governmental activities</i>	
	<i>Principal</i>	<i>Interest</i>
2008	\$ 59,000	\$ 106,115
2009	59,000	103,682
2010	59,000	101,249
2011	60,000	98,794
2012	60,000	96,319
2013 - 2017	307,000	443,872
2018 - 2022	316,000	379,706
2023 - 2027	331,000	312,983
2028 - 2032	347,000	243,150
2033 - 2037	366,000	169,665
2039 - 2043	390,000	91,780
2043 - 2047	<u>248,000</u>	<u>15,387</u>
Totals	<u>\$ 2,602,000</u>	<u>\$ 2,162,702</u>

NOTE 9 - DEFINED CONTRIBUTION PENSION PLAN:

The Village provides pension benefits through a defined contribution pension plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Michigan state statute assigns the authority to establish and amend benefit provisions to the Village Council. All full-time employees are eligible to participate. Employees may contribute additional amounts on a voluntary basis. For the year ended March 31, 2008, the Village made its required contributions of \$6,237.

NOTE 10 - TRANSACTIONS AND BALANCES WITH SPONORED ORGANIZATIONS:

In 2008, the Village contributed \$57,596 to the Ontwa-Edwardsburg Police Department (Department). At March 31, 2008, payables of governmental funds (and activities) included \$4,583 due to the Department.

NOTE 11 - CLAIMS ARISING FROM RISKS OF LOSS:

The Village is exposed to various risks of loss to general liability, property and casualty, and workers' compensation. The risks of loss arising from general liability, building contents, workers' compensation, and casualty are managed through purchased commercial insurance.

REQUIRED SUPPLEMENTARY INFORMATION

Village of Edwardsburg**BUDGETARY COMPARISON SCHEDULE - General Fund**

Year ended March 31, 2008

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Property taxes	\$ 120,200	\$ 120,200	\$ 117,420	\$ (2,780)
State grants	122,300	122,300	118,480	(3,820)
Licenses and permits	7,650	7,650	13,088	5,438
Charges for services	49,465	49,465	49,966	501
Interest and rentals	8,200	8,200	14,135	5,935
Total revenues	<u>307,815</u>	<u>307,815</u>	<u>313,089</u>	<u>5,274</u>
EXPENDITURES				
Legislative	4,500	4,500	4,390	110
General government	139,888	139,888	120,442	19,446
Public safety	66,625	66,625	64,222	2,403
Public works	63,775	63,775	54,053	9,722
Community and economic development	2,675	2,675	1,107	1,568
Recreation and culture	12,925	12,925	9,212	3,713
Total expenditures	<u>290,388</u>	<u>290,388</u>	<u>253,426</u>	<u>36,962</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>17,427</u>	<u>17,427</u>	<u>59,663</u>	<u>42,236</u>
OTHER FINANCING USES				
Transfer to Local Street Fund	(7,427)	(7,427)	(7,427)	-
Transfer to Cemetery Fund	(10,000)	(10,000)	(10,000)	-
Total other financing uses	<u>(17,427)</u>	<u>(17,427)</u>	<u>(17,427)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	-	42,236	42,236
FUND BALANCES - BEGINNING	<u>121,085</u>	<u>121,085</u>	<u>121,085</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 121,085</u>	<u>\$ 121,085</u>	<u>\$ 163,321</u>	<u>\$ 42,236</u>

Village of Edwardsburg
BUDGETARY COMPARISON SCHEDULE - Major Street Fund
Year ended March 31, 2008

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
State grants	\$ 57,074	\$ 57,074	\$ 54,031	\$ (3,043)
Interest and rentals	<u>5,440</u>	<u>5,440</u>	<u>5,474</u>	<u>34</u>
Total revenues	62,514	62,514	59,505	(3,009)
EXPENDITURES				
Public works	<u>54,295</u>	<u>54,295</u>	<u>58,666</u>	<u>(4,371)</u>
EXCESS OF REVENUES OVER EXPENDITURES	8,219	8,219	839	(7,380)
OTHER FINANCING USES				
Transfer to Local Street Fund	<u>(8,219)</u>	<u>(8,219)</u>	<u>(8,219)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	-	(7,380)	(7,380)
FUND BALANCES - BEGINNING	<u>126,678</u>	<u>126,678</u>	<u>126,678</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 126,678</u>	<u>\$ 126,678</u>	<u>\$ 119,298</u>	<u>\$ (7,380)</u>

SUPPLEMENTARY INFORMATION

Village of Edwardsburg
COMBINING BALANCE SHEET - nonmajor governmental funds
 March 31, 2008

	<u>Special revenue</u>		
	<u>Local Street</u>	<u>Cemetery</u>	<u>Total</u>
ASSETS			
Cash	\$ 76,145	\$ 59,349	\$ 135,494
Receivables	<u>3,332</u>	<u>-</u>	<u>3,332</u>
Total assets	<u>\$ 79,477</u>	<u>\$ 59,349</u>	<u>\$ 138,826</u>
 LIABILITIES AND FUND BALANCES			
Liabilities - payables	\$ 548	\$ 165	\$ 713
Fund balances - unreserved, undesignated	<u>78,929</u>	<u>59,184</u>	<u>138,113</u>
Total liabilities and fund balances	<u>\$ 79,477</u>	<u>\$ 59,349</u>	<u>\$ 138,826</u>

Village of Edwardsburg**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - nonmajor governmental funds**

Year ended March 31, 2008

	<u>Special revenue</u>		
	<u>Local Street</u>	<u>Cemetery</u>	<u>Total</u>
REVENUES			
State grants	\$ 19,184	\$ -	\$ 19,184
Charges for services	-	5,194	5,194
Interest	3,183	3,358	6,541
	<u>22,367</u>	<u>8,552</u>	<u>30,919</u>
Total revenues			
EXPENDITURES			
General government	-	19,712	19,712
Public works	43,404	-	43,404
	<u>43,404</u>	<u>19,712</u>	<u>63,116</u>
Total expenditures			
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(21,037)</u>	<u>(11,160)</u>	<u>(32,197)</u>
OTHER FINANCING SOURCES			
Transfers in	15,646	10,000	25,646
Transfers out	-	-	-
	<u>15,646</u>	<u>10,000</u>	<u>25,646</u>
Total other financing sources			
NET CHANGE IN FUND BALANCES	(5,391)	(1,160)	(6,551)
FUND BALANCES - BEGINNING	<u>84,320</u>	<u>60,344</u>	<u>144,664</u>
FUND BALANCES - ENDING	<u>\$ 78,929</u>	<u>\$ 59,184</u>	<u>\$ 138,113</u>

August 22, 2008

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**Members of the Village Council
Village of Edwardsburg, Michigan**

We have audited the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Village of Edwardsburg for the year ended March 31, 2008, and have issued our report thereon dated August 22, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated March 3, 2008, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Village of Edwardsburg are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2008. We noted no transactions entered into by the Village of Edwardsburg during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was capital asset depreciation.

- Management's estimate of the capital asset depreciation is based on the estimated useful lives of the Village's capital assets. We evaluated the key factors and assumptions used to develop the capital asset depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. Management has recorded all of our proposed audit adjustments.



1958-2008

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter associated with the audit for the year ended March 31, 2008.

Other Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Village of Edwardsburg's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Communication Regarding Internal Control

In planning and performing our audit of the financial statements of Village of Edwardsburg, Cass County, Michigan, as of and for the year ended March 31, 2008, in accordance with U.S. generally accepted auditing standards, we considered the Village's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Our consideration of internal control included procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they had been implemented, but it did not include procedures to test the operating effectiveness of controls, and, accordingly, was not directed to discovering significant deficiencies in internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we have identified certain deficiencies in internal control that we consider to be significant deficiencies and deficiencies that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the Village's ability to initiate, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Village's financial statements that is more than inconsequential will not be prevented or detected by the Village's internal control. We consider the following deficiency to be a significant deficiency in internal control.

- The reporting abilities of the utility and special assessment packages have not been fully utilized so as to enhance if not provide necessary controls over billing and collection. There should be continued inquiry to the software provider as to how to best use the application, both as to processing and reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village's internal control. We believe that the following deficiencies constitute material weaknesses.

- Policies and procedures to prepare financial statements in accordance with U.S. generally accepted accounting principles, including procedures to record receivables and payables, changes in capital assets and related debt, and to develop appropriate footnote disclosures were not in place. As in prior years, the Village has relied upon our firm as auditor to identify and develop material adjustments necessary to convert cash basis financial statements into full accrual financial statements and to prepare the financial statements and appropriate disclosures. This service is allowable under current auditing standards and ethical guidelines, and may be the most efficient and effective method for preparation of the Village's financial statements. However, when an organization (on its own) lacks the ability to produce financial statements that conform to generally accepted accounting principles, or when material audit adjustments are identified by the auditor, auditing standards require that such conditions be communicated in writing as material weaknesses. The Village has determined that the additional benefits derived from implementing such a system would not outweigh the costs incurred to do so. This is a recurring comment.

This communication is intended solely for the information and use of management, the Village Council of the Village of Edwardsburg, and the State of Michigan Department of Treasury, and is not intended to be and should not be used by anyone other than these specified parties.

Sigfried Crandall P.C.

August 22, 2008

Members of Village Council
Village of Edwardsburg, Michigan

In planning and performing our audit of the financial statements of the Village of Edwardsburg as of and for the year ended March 31, 2008, in accordance with U.S. generally accepted auditing standards, we considered the Village of Edwardsburg's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

However, during our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiencies. The memorandum that accompanies the letter summarizes our comments and recommendations regarding these matters. A separate report, dated August 22, 2008 contains our report on significant deficiencies in the Village's internal control. This letter does not affect our report dated August 22, 2008 on the financial statements of the Village of Edwardsburg.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and recommendations with various Village personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Sincerely,

Siegfried Crandall P.C.



1958-2008

Village of Edwardsburg
COMMENTS AND RECOMMENDATIONS

Capital assets recordkeeping

Finding - Recordkeeping for capital assets, including the utility system, has been informal, and, for the most part, has been maintained by the auditor. At risk is accountability over capital assets, adequacy of insurance coverage, and consistency in the level of detail maintained by auditor and in the auditor's recordkeeping policies.

Recommendations - Capital asset records should be obtained from the auditor and reviewed for completeness and accuracy. Policies and procedures should be in place to assure timely updating of such records. Insurance coverage should be reviewed for omissions or assets no longer in service.

Utility and special assessment billing and collection

Finding - The relationship between various month-end reports and the general ledger, and the availability of certain monitoring reports has not been determined. At risk is the inability to perform certain check and balance reporting and to evaluate the effectiveness of controls in place.

Recommendations - Obtain from software support (or other users) information regarding key reports to run and how to reconcile information, both among the reports, as well as, to the amounts reported in the general ledger. Monitoring reports (if available) should be run and evaluated by appropriate personnel.

Documentation of review/authorization

Finding - Certain review/authorization procedures are not documented in the form of signatures or initials. Specifically, review of bank reconciliations prepared by the Treasurer, and departmental approval of time cards or changes to time cards are not documented.

Recommendation - Policies and procedures should be in place to assure that performance of key reviews/authorizations can be evidenced.

Certificates of deposits

Finding - The Village maintains a number of small dollar amount certificates, each in the name of a specific fund. For the Sanitary Sewer Special Assessment Fund, no portion of cash has been invested in certificates. Further, the interest on certificates is retained by the bank and added to the certificate balance.

Recommendations - The Village should pool the available monies of all funds to purchase larger certificates, so as to maximize the amount of investment income that could be earned. To address the \$100,000 FDIC limitation, consider using a securities broker or the Trust Department of a bank, to purchase certificates from qualified financial institutions (must have a location within the State of Michigan). Consider advising financial institutions to issue interest checks to the Village, rather than automatically reinvesting such income. By maintaining a constant amount invested, periodic reconciliation of the Treasurer's investment balances to amounts recorded in the general ledger is simplified.